THE NEXT EU BUDGET

INVESTING IN OCEAN RESILIENCE AND THRIVING COASTAL COMMUNITIES

BLUE MARINE FOUNDATION

BirdLife EUROPE & CENTRAL ASIA

BLOOM

ClientEarth

SEAS AT RISK

Photo Danny Copeland

Our ocean and coastal communities currently face multiple challenges, from the loss of marine biodiversity, climate change and pollution to competition for access to resources and limited support for a just transition at sea. For these reasons, the next European Union (EU) Multiannual Financial Framework **(MFF)** should not be another box-ticking exercise aimed at maintaining the status quo, but should deliver real policy choices to invest in the changes needed. To achieve this, EU decision-makers should focus on two priorities:

1. **MFF money should benefit all EU citizens, through: 1) the conservation and restoration of our common good that is the ocean and 2) support for small-scale, low-impact fishers;**
2. **MFF money should be protected against abuses and used in a transparent and accountable manner.**

These two very clear priorities would actually support the **simplification** of the implementation of the EU budget.

Indeed, if adopted, they will ensure that:

- Money is exclusively spent on activities which support the implementation of the EU's objectives;
- Money is not spent on those who violate EU law.

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Photo Ocean Image Bank, Grant Thomas

WHY CHANGE IS NEEDED

Many reports[1] show that the current MFF, by maintaining business as usual, failed both coastal communities and the ocean:

- **Public money disproportionately favours large-scale actors.** Small-scale coastal fishing vessels[2] represent 76 per cent of the EU fleet. Yet they have been receiving only around 20 per cent of EU fisheries funds, with the rest going to large-scale fleets.[3]
- **Public money artificially props up the most destructive and energy intensive parts of the fleet**[4] instead of driving a visionary transition of the sector. Several studies have indeed shown that the most destructive EU fleet segments, such as bottom-trawlers, would not be profitable without public subsidies.[5]
- **The amount of public money spent on marine conservation and restoration is not aligned with the EU's own international and domestic obligations and scientific recommendations.** Data shows a consistent decline of marine biodiversity across the EU. There is an important funding gap for its conservation and restoration, while the most destructive fishing methods are heavily funded.[6]
- **Public money finances biodiversity loss and harms fish stocks.** Harmful subsidies have a detrimental impact on the fish stocks[7] and on wider marine biodiversity, on which fisheries depend, by favouring the least selective and most energy intensive and destructive fishing practices. A recent report established that between 59 and 138 million from the current European Maritime Aquaculture and Fisheries Fund (EMFAF) is channeled into subsidies that harm marine biodiversity, **up to 2.5 times** more than the money dedicated to protecting and restoring it.[8]

SMALL-SCALE COASTAL FISHING VESSELS REPRESENT

76%

OF THE EU FLEET

Photo Unsplash, Sebastian Pena Lambarri

It is possible to address these issues and to deliver a new MFF which works for citizens and the ocean by introducing changes, amongst others, to the following Regulations:

- The Tracking and Performance Regulation[9] which sets the general rules applicable to the entire MFF;
- The European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security (the NRPP Regulation)[10] which is the legal basis for the establishment of National and Regional Partnerships Plans through which a large part of EU funding, including for the ocean, will be channelled towards Member States;
- The Regulation establishing the conditions for the implementation of the Union support to the Common Fisheries Policy (CFP), to the European Ocean Pact and of the Union's maritime and aquaculture policy (the Fisheries and Ocean Specific Regulation)[11] which sets specific principles that Member States and EU operators have to respect when spending EU money on ocean related activities.

It will also be key to ensure that the principles of transparency and accountability, as well as conditionalities aiming to prevent that money from the EU budget goes to operators which violate EU law or undermine its sustainability objectives are applicable to the whole MFF, including the European Competitiveness Fund,[12] the Global Europe Fund[13] and the future universal Do No Significant Harm guidance that has to be prepared by the European Commission.[14]

For example, it would not make sense that funding for deep sea mining is not authorised in the National and Regional Partnership Plans, but allowed under the Competitiveness Fund.

1. ENSURING THAT MFF MONEY IS SPENT IN A WAY THAT BENEFITS ALL EU CITIZENS

1.1. Setting targets in the Tracking and Performance Regulation

Through the Tracking and Performance Regulation, the Commission proposes to establish a 35 per cent spending target of the overall EU budget to activities contributing to climate action and environmental objectives. While these climate and environmental targets are welcome, relying on a single budget-wide target risks undermining the EU's marine and broader biodiversity ambitions. To effectively deliver on EU and international biodiversity commitments, **the next MFF should include a 50 per cent Climate and Environment target, applicable on the total amount of the budget without exception and introduce a dedicated target of at least 10 per cent for biodiversity, including a specific allocation for marine biodiversity, from the overall EU budget.**

In addition, under the Tracking and Performance Regulation, decision-makers should ensure that the fisheries-related activities listed in Annex 1 as contributing to climate action and environmental objectives are established with **a robust methodology to avoid greenwashing and harmful subsidies.** The annex currently includes a wide range of intervention fields whose contributions to climate, environmental and nature protection objectives are substantially overestimated. It needs to be revised based on scientific evidence. For example, compensation measures such as permanent cessation cannot be classified as supporting 100 per cent of the climate and environmental objectives of the EU without a deeper analysis of how these measures are implemented and what their concrete effects on the ground are.[15]

THE NEXT MFF SHOULD INCLUDE A

50%

CLIMATE AND ENVIRONMENT TARGET

1.2. Directing money in the NRPP Regulation towards ocean conservation and restoration and a just transition towards a regenerative Blue Economy[16]

In the NRPP Regulation, decision-makers should:

- Ring-fence money to achieve the objectives of ocean conservation and restoration and of a just transition towards a regenerative Blue Economy;
- This money should be split between two priorities only, clearly spelled out in the NRPP text:
    - 50 per cent of the money should be allocated to ocean conservation and restoration, including a reserved, separate amount for data collection and fisheries control and enforcement corresponding to the current allocation to these priorities under the current EMFAF;[17]
    - 50 per cent of the money should be allocated to the just transition towards a regenerative Blue Economy, including:
        - A reserved, separate amount to support small-scale, low-impact fishers;[18]
        - A reserved, separate amount allocated only under strict conditions, for the transition towards low-impact fisheries, especially to phase out trawling or for fishers' professional transition outside of the fishing sector.

Photo Alexandros Avramidis

In the preparation process for the NRPPs, observation letters and other Commission documents on the NRPPs should be published to improve transparency and enable scrutiny of whether EU policy objectives are being respected.

The decision-making around NRPPs should guarantee transparency, public participation and stakeholder involvement and strictly regulate conflicts of interest.

Photo Ocean Image Bank, Single Fin Photos

2. ENSURING THAT MFF MONEY IS PROTECTED AGAINST ABUSES AND SPENT IN A TRANSPARENT AND ACCOUNTABLE MANNER.

2.1. Introducing safeguards

Decision-makers should:

- Fully transpose and integrate the **WTO Agreement on Fisheries Subsidies,[19] into EU Law** which includes prohibiting subsidies to Illegal Unregulated and Unreported (IUU) fishing, and those regarding fishing on overfished stocks. This would notably entail:
    - Maintaining **strict conditionality mechanisms** preventing operators who violate EU law and engage into IUU fishing from having access to public resources, in accordance with the approach currently set out in Article 11 of the EMFAF Regulation;[20]
    - Prohibiting any subsidy for fishing or fishing-related activities regarding an overfished stock;[21]
    - Prohibiting any subsidy for fishing or fishing-related activities in the high seas, outside the competence of a Regional Fisheries Management Organisation (RFMO);[22]
    - Adopting provisions to fulfil the **notification and transparency obligations** under Article 8 of the WTO Agreement on Fisheries Subsidies.
- Prohibit any subsidy to any method, technique or measure likely to increase the **capacity of the fleet to detect or catch fish**, including engine upgrades or fishing vessels acquisition (except under strict conditions for small-scale, low-impact fisheries) and to any measure which **compensates the operational costs** of industrial fishers (including fossil fuel **tax exemptions**);
- Prohibit any subsidy that benefits fleets **using destructive fishing methods** (such as bottom-trawling), whether these fleets are profitable or not,[23] except to transition away from those fishing methods;
- Include provisions ensuring a **facilitated and simplified access to EU funds for small-scale, low impact fishers,** such as dedicated calls excluding industrial operators from applying, administrative support, as well as the possibility to access to upfront investments;
- In line with the current articles 42 and 43 of the EMFAF, include a specific mechanism for the **European Commission** to effectively **interrupt or suspend** EU ocean and fisheries funding when Member States are not complying with the rules of the EU Common Fisheries Policy and/or other applicable rules. This mechanism would complement the broader, more generic one foreseen in the NRPP.

Finally, EU decision-makers should extend the conditionalities to all EU funds, and not only the NRPP proposal, notably to ensure that they apply as well to the Competitiveness Fund and to the Global Europe Fund.

2.2. Ensuring transparency and accountability of EU spending

In general, EU decision-makers should:

- Include provisions ensuring **full transparency of all beneficiaries and activities** funded by EU funds, State Aid and any form of direct or indirect subsidy, through publication of harmonised, raw, non-anonymised, detailed data on a single, EU-wide, public database managed by the European Commission, in line with WTO transparency requirements.

Finally, EU decision-makers should extend the conditionalities to all EU funds.

Photo Alexander Mustard

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REFERENCES

[1]See for instance: 'Power structures shaping EU fisheries' ; 'Splash out (the right way)' ; 'A 20-year retrospective on the provision of fisheries subsidies in the European Union'.

[2]According to Article 2 (14) of Regulation (EU) 2021/1139 establishing the European Maritime, Fisheries and Aquaculture Fund, small-scale coastal fishing vessels are vessels of less than 12 meters not using towed gears.

[3]See: ClientEarth, Small-scale fishers revealed as least supported recipients of EU funds, March 2023, p. 3.

[4]See for instance: 'Breaking free from Trawling', p. 27 and following.

[5]See: Institut Agro and AgroParisTech, p. 38 and following and The economic impact of the Western Mediterranean multiannual plan - Oceana Europe.

[6]See: Call for a dedicated EU Nature Restoration Fund - p. 1: "The current approach, which relies on diverse funds to support nature conservation and deliver the objectives of the EU Biodiversity Strategy, has been insufficient. A study commissioned by the European Commission highlights a growing funding gap of approximately €19 billion annually until 2030."

[7]FAO, Marine fisheries and the law of the sea: a decade of change. Special chapter (revised) of The State of Food and Agriculture 1992, Rome, 1993. Available at: https://www.fao.org/3/u9345e/u9345e00.htm.

[8]See: Member States use billions of EU subsidies to fund nature harming activities - new WWF study | WWF, p. 11.

[9]See: EUR-Lex - 52025PC0545 - EN - EUR-Lex.

[10]See: EUR-Lex - 52025PC0565 - EN - EUR-Lex.

[11]See: EUR-Lex - 52025PC0559 - EN - EUR-Lex.

[12]See: EUR-Lex - 52025PC0555 - EN - EUR-Lex.

[13]See: EUR-Lex - 52025PC0551 - EN - EUR-Lex.

[14]See Article 5 of the proposal for a Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities.

[15]See for instance the Seas at Risk and BirdLife Report about cessation subsidies.

[16]IUCN defines the regenerative Blue Economy as: "an economic model that combines rigorous and effective regeneration and protection of the ocean and marine and coastal ecosystems with sustainable, low or no carbon economic activities, and fair prosperity for people and the planet, now and in the future". See: 2024-005-En.pdf, p. 9.

[17]Under Article 5 (4) of the current EMFAF, at least 15 per cent of the Union financial support allocated per Member State is reserved for data collection and fisheries control and enforcement.

[18]Small-scale coastal fishing is defined as marine and inland fishing vessels of an overall length of less than 12 metres and not using towed gear in Article 2 (14) of Regulation (EU) 2021/1139 establishing the European Maritime, Fisheries and Aquaculture Fund. Low-impact fishing is characterised by fishing methods that cause minimal damage to habitats and non-target species (excluding de facto dredging and bottom-trawling). It typically involves small-scale vessels operated by fishers who fish responsibly by respecting ecological limits, targeting species during suitable seasons.

[19]See: WTO | Agreement on Fisheries Subsidies.

[20]Article 3 of the WTO Agreement on Fisheries Subsidies.

[21]Article 4 of the WTO Agreement on Fisheries Subsidies.

[22]Article 5 (1) of the WTO Agreement on Fisheries Subsidies.

[23]See for instance: 'Most western Mediterranean trawlers are barely profitable due to overfishing, new report reveals'.

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